

REDFIELD SCHOOL DISTRICT NO. 56-4

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED

JUNE 30, 2010

HARRINGTON & ASSOCIATES, LTD.
CERTIFIED PUBLIC ACCOUNTANT

REDFIELD SCHOOL DISTRICT NO. 56-4
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2010

Board Members:

Darvin Dickhaut - Board President
Heather Jordan - Vice President
Wilbur Nelson
Steve Nuhsbaumer
Jay Esser

Superintendent:

Randy Joyce

Business Manager:

Marilyn Hodges

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HARRINGTON & ASSOCIATES, LTD.

CERTIFIED PUBLIC ACCOUNTANT

239 Wisconsin Ave SW
Huron, SD 57350-0951
(605) 352-8573

PO Box 951, Huron, SD 57350
www.harringtonassociatesltd.com
Fax (605) 352-8594

114 East 3RD Street
Miller, SD 57362
(605) 853-2130

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

School Board
Redfield School District No. 56-4
Spink County, South Dakota

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Redfield School District No. 56-4, South Dakota, as of June 30, 2010 and for the year then ended which collectively comprise the School District's basic financial statements and have issued our report thereon dated February 8, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning the performing our audit, we considered Redfield School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Redfield School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of federal awarding agencies and pass-through entities, the South Dakota Legislature, state granting agencies, and the governing board and management of the Redfield School District No. 56-4, South Dakota and is not intended to be and should not be used by anyone other than these specified parties. However, as required by South Dakota Codified Law 4-11-11 and OMB Circular A-133 §__.320, this report is a matter of public record and its distribution is not limited.

Harvington & Associates, LTD

Huron, South Dakota
February 8, 2011

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CERTIFIED PUBLIC ACCOUNTANT

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Huron, SD 57350-0951
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PO Box 951, Huron, SD 57350
www.harringtonassociatesltd.com
Fax (605) 352-8594

114 East 3RD Street
Miller, SD 57362
(605) 853-2130

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT
AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Independent Auditor's Report

School Board
Redfield School District No. 56-4
Spink County, South Dakota

Compliance

We have audited the Redfield School District No. 56-4, South Dakota compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2010. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Current Audit Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School District's managements. Our responsibility is to express an opinion on the School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School District's compliance with those requirements.

In our opinion, Redfield School District No. 56-4, South Dakota complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of the School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of federal awarding agencies and pass-through entities, the South Dakota Legislature, state granting agencies, the governing board and management of the Redfield School District No. 56-4, South Dakota and is not intended to be and should not be used by anyone other than these specified parties. However, as required by South Dakota Codified Law 4-11-11 and OMB Circular A-133 §__.320, this report is a matter of public record and its distribution is not limited.

Harrington & Associates, P.C.

Huron, South Dakota
February 8, 2011

REDFIELD SCHOOL DISTRICT NO. 56-4
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

PRIOR OTHER AUDIT FINDINGS:

The prior audit report contained no written audit comments.

REDFIELD SCHOOL DISTRICT NO. 56-4
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

Summary of the Independent Auditor's Results:

Financial Statements

- a. An unqualified opinion was issued on the financial statements of each opinion unit.
- b. Our audit did not disclose any noncompliance which was material to the financial statements.

Federal Awards

- c. An unqualified opinion was issued on compliance with the requirements applicable to major programs.
- d. Our audit did not disclose any audit findings that need to be disclosed in accordance with the Office of Management and Budget Circular A-133, Section .510(a).
- e. The federal awards tested as major programs were:
 - 1. Special Education Cluster
 - Special Education Grants to States CFDA #84.027
 - Special Education - Preschool Grants CFDA #84.173
 - Special Education Grants to States, Recovery Act CFDA #84.391
 - Special Education - Preschool Grants, Recovery Act CFDA #84.392
- f. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$300,000.
- g. Redfield School District No. 56-4 did qualify as a low-risk auditee.

CURRENT FEDERAL AUDIT FINDINGS:

There are no written current federal compliance audit findings to report.

CURRENT OTHER AUDIT FINDINGS:

There are no written current other audit findings to report.

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INDEPENDENT AUDITOR'S REPORT

School Board
Redfield School District No. 56-4
Spink County, South Dakota

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Redfield School District No. 56-4, Spink County, South Dakota, as of June 30, 2010, and for the year then ended, which collectively comprise Redfield School District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of Redfield School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we do not express such an opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Redfield School District No. 56-4, South Dakota as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated February 8, 2011, on our consideration of Redfield School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over

financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis (MD&A) and Budgetary Comparison Schedule on pages 9 through 18 and 56 through 60, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The Schedule of Expenditures of Federal Awards, which is required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations listed in the Table of Contents are presented for purposes of additional analysis and is a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Harrington & Associates, LTD

Huron, South Dakota

February 8, 2011

REDFIELD SCHOOL DISTRICT NO. 56-4 MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Redfield School District 56-4 annual financial report presents our discussion and analysis of the School's financial performance during the fiscal year ended on June 30, 2010. Please read it in conjunction with the School's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- During the year, the School's revenues generated from taxes and other revenues of the governmental and business-type programs were \$341,716 more than the \$5,932,063 governmental and business-type program expenditures.
- The total cost of the School's programs increased by approximately 3.7%, which was primarily due to controlling the operation and maintenance of supply expenses.
- The general fund reported a \$257,715 current year decrease in fund balances primarily due to a spending down cash reserves due to increases in instruction and operation expenses.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the School:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the School's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the School government, reporting the School's operations in more detail than the government-wide statements.
 - The governmental funds statements tell how general government services were financed in the short-term as well as what remains for future spending.
 - Proprietary fund statements offer short- and long-term financial information about the activities that the school operates like businesses. The proprietary funds operated by the school are the Food Service Operation and an Internal Service Fund.
 - Fiduciary fund statements provide information about the financial relationships in which the School acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

**REDFIELD SCHOOL DISTRICT NO. 56-4
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

Figure A-1

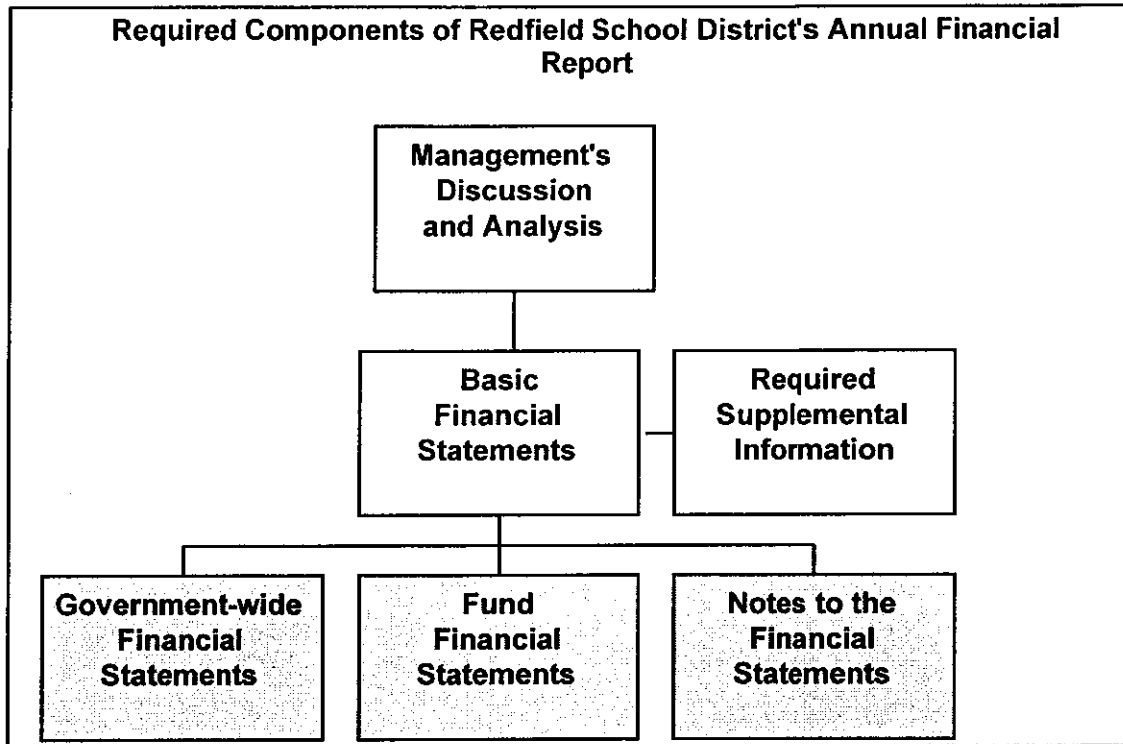


Figure A-2 summarizes the major features of the School's financial statements, including the portion of the School government covered and the types of information contained. The remainder of the overview section of the management's discussion and analysis explains the structure and contents of each of the statements.

**REDFIELD SCHOOL DISTRICT NO. 56-4
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Figure A-2

Major Features of Redfield School's Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire School government (except fiduciary funds)	The activities of the School that are not proprietary or fiduciary, such as elementary and high school education programs.	Activities the School operates similar to private businesses, the food service operation.	Instances in which the School is the trustee or agent for someone else's resources.
Required Financial Statements	*Statement of Net Assets *Statement of Activities	*Balance Sheet *Statement of Revenues, Expenditures and Changes in Fund Balances	*Balance Sheet *Statement of Revenues, Expenses and Changes in Net Assets *Statement of Cash Flows	*Statement of Fiduciary Net Assets *Statement of Changes in Fiduciary Net Assets
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the School's funds do not currently contain capital assets although they can
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

REDFIELD SCHOOL DISTRICT NO. 56-4 MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-Wide Statements

The government-wide statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the School's net assets and how they have changed. Net assets – the difference between the School's assets and liabilities – is one way to measure the School's financial health or position.

- Increases or decreases in the School's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the School there is a need to consider additional nonfinancial factors such as changes in the district's property tax base and changes in the state school aid funding formula from the State of South Dakota.

The government-wide financial statements of the School are reported in two categories:

- **Governmental Activities** - This category includes the School's basic instructional services, such as elementary and high school educational programs, support services (guidance counselor, executive administration, board of education, fiscal services, etc.), debt service payments, extracurricular activities (sports, debate, music, etc.) and capital equipment purchases. Property taxes, state grants, federal grants and interest earnings finance most of these activities.
- **Business-type Activities** - The school charges a fee to students to help cover the costs of providing hot lunch services to all students. The Food Service Fund is the only business-type activity of the School.

Fund Financial Statements

The fund financial statements provide more detailed information about the School's most significant funds – not the School as a whole. Funds are accounting devices that the School uses to keep track of specific sources of funding and spending for particular purposes.

- State Law requires some of the funds.
- The School Board establishes other funds to control and manage money for particular purposes.

The School has three kinds of funds:

- **Governmental Funds** – Most of the School's basic services are included in the governmental funds, which focus on (1) how cash and other financial assets can be readily converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statements, or on the subsequent page, that explains the relationship (or differences) between them.

**REDFIELD SCHOOL DISTRICT NO. 56-4
MANAGEMENT'S DISCUSSION AND ANALYSIS**

- **Proprietary Funds** – Services for which the School charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both short- and long-term financial information. The Food Service Fund and the Internal Service Fund are the only proprietary funds maintained by the School.
- **Fiduciary Funds** – The School is the trustee, or fiduciary, for various external and internal parties. The School is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the School's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets and a Statement of Changes in Fiduciary Net Assets. We exclude these activities from the School's government-wide financial statements because the School cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

Net Assets

The School's combined net assets increased as follows:

**Table A-1
Redfield School District 56-4
Statement of Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2009	2010	2009	2010	2009	2010
Current and Other Assets	\$ 3,871,739	\$ 4,639,975	\$ 1,987	\$ 9,369	\$ 3,873,726	\$ 4,649,344
Capital Assets	3,270,746	3,179,551	108,513	99,471	3,379,259	3,279,022
Total Assets	\$ 7,142,485	\$ 7,819,526	\$ 110,500	\$ 108,840	\$ 7,252,985	\$ 7,928,366
Long-Term Debt						
Outstanding	\$ 3,059,664	\$ 3,369,035	\$ --	\$ --	\$ 3,059,664	\$ 3,369,035
Other Liabilities	568,874	592,584	7,998	8,582	576,872	601,166
Total Liabilities	3,628,538	3,961,619	7,998	8,582	3,636,536	3,970,201
Net Assets:						
Invested in Capital Assets,						
Net of Related Debt	247,841	345,536	--	99,471	247,841	445,007
Restricted	1,373,852	2,065,080	102,502	787	1,476,354	2,065,867
Unrestricted	1,892,254	1,447,291	--	--	1,892,254	1,447,291
Total Net Assets	\$ 3,513,947	\$ 3,857,907	\$ 102,502	\$ 100,258	\$ 3,616,449	\$ 3,958,165
Beginning Net Assets	\$ 3,655,310	\$ 3,513,947	\$ 99,872	\$ 102,502	\$ 3,755,182	\$ 3,616,449
Increase (Decrease) in Net Assets	\$ (141,363)	\$ 343,960	\$ 2,630	\$ (2,244)	\$ (138,733)	\$ 341,716
Percentage of Increase (Decrease) in Net Assets	(3.9%)	9.8%	2.6%	(2.2%)	(3.7%)	9.4%

The district's combined net assets of approximately \$3.9 million are approximately \$342,000 or 9.4% larger than on June 30, 2009. The increase in the district's financial position came mostly from its governmental activities.

**REDFIELD SCHOOL DISTRICT NO. 56-4
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Statement of Net Assets reports all financial and capital resources. The statement presents the assets and liabilities in order of relative liquidity. The liabilities with average maturities greater than one year are reported in two components – the amount due within one year and the amount due in more than one year. The long-term liabilities of the school, consisting of bonds payable, capital lease purchase payables, and compensated absences payable, have been reported in this manner on the Statement of Net Assets. The difference between the school's assets and liabilities is its net assets.

Changes in Net Assets

The district's total revenues (excluding extraordinary items and transfers) totaled \$6,273,779. (See Table A-4.) This was approximately a 10.4% increase. Approximately 38% of the district's revenue comes from property and other taxes, with another 43% from state aid. (See Table A-2)

**Table A-2
Redfield School District 56-4
Sources of Revenues
Fiscal Year 2009-2010**

Taxes	\$ 2,419,445	38.6%
State Sources	2,696,535	43.0%
Operating Grants & Contributions	833,028	13.2%
Charges for Services	170,315	2.7%
Miscellaneous	141,251	2.3%
Unrestricted Investment Earnings	<u>13,205</u>	<u>.2%</u>
Total Revenue	<u>\$ 6,273,779</u>	<u>100.00%</u>

The total cost of all programs and service was virtually unchanged. The district's total expenses totaled \$5,932,063. (See Table A-4.) This was approximately a 3.7% increase. The School's expenses cover a range of services, encompassing instruction, support services and food services. (See Table A-3)

**Table A-3
Redfield School District 56-4
Statement of Expenditures
Fiscal Year 2009-2010**

Instruction	\$ 3,475,737	58.6%
Support Services	1,913,325	32.2%
Interest on Long Term Debt	158,323	2.7%
Cocurricular Activities	173,536	2.9%
Food Service	<u>211,142</u>	<u>3.6%</u>
Total Expenditures	<u>\$ 5,932,063</u>	<u>100.00%</u>

**REDFIELD SCHOOL DISTRICT NO. 56-4
MANAGEMENT'S DISCUSSION AND ANALYSIS**

GOVERNMENTAL ACTIVITIES

Table A-4 and the narrative that follows considers the operations of the governmental and business-type activities.

Table A-4
Redfield School District 56-4
Changes in Net Assets

	Total Governmental Activities		Total Business-Type Activities		Total		Total Percentage Change
	2009	2010	2009	2010	2009	2010	
Revenues							
Program Revenues							
Charges for Services	\$ 93,775	\$ 49,115	\$ 121,212	\$ 121,200	\$ 214,987	\$ 170,315	-20.8%
Operating Grants and Contributions	590,826	745,330	74,539	87,698	665,365	833,028	25.2%
General Revenues							
Taxes	2,064,007	2,419,445	-	-	2,064,007	2,419,445	17.2%
Revenue State Sources	2,557,861	2,696,535	-	-	2,557,861	2,696,535	5.0%
Other General Revenues	154,106	141,251	-	-	154,106	141,251	-8.3%
Unrestricted Investment Earnings	16,117	13,205	-	-	16,117	13,205	-18.1%
Total Revenues	5,486,692	6,064,881	195,751	208,898	5,682,443	6,273,779	10.4%
Expenses							
Instruction	3,358,378	3,475,737	-	-	3,358,378	3,475,737	3.5%
Support Services	1,952,444	1,913,325	-	-	1,952,444	1,913,325	-2.0%
Interest on Long Term Debt	44,801	158,323	-	-	44,801	158,323	253.4%
Cocurricular Activities	155,381	173,536	-	-	155,381	173,536	11.7%
Food Service/Concessions	-	-	206,961	211,142	206,961	211,142	2.0%
Total Expenses	5,511,004	5,720,921	206,961	211,142	5,717,965	5,932,063	3.7%
Increase (Decrease) Before Transfers	(24,312)	343,960	(11,210)	(2,244)	(35,522)	341,716	-1062.0%
Transfers	(13,840)	-	13,840	-	-	-	0.0%
Adjustment to Beginning Net Assets	(103,211)	-	-	-	(103,211)	-	
Increase (Decrease) in Net Assets	\$ (141,363)	\$ 343,960	\$ 2,630	\$ (2,244)	\$ (138,733)	\$ 341,716	-346.3%
Ending Net Assets	\$ 3,513,947	\$ 3,857,907	\$ 102,502	\$ 100,258	\$ 3,616,449	\$ 3,958,165	9.4%

**REDFIELD SCHOOL DISTRICT NO. 56-4
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Revenues for the School's governmental activities increased 10.5% while expenses for governmental activities increased by approximately 3.8%. The most remarkable increase in revenue is a 17% increase in taxes due to opt out money received in FY10. The low percentage increase in expenses was a result of controlling expenses.

BUSINESS-TYPE ACTIVITIES

Net assets of the School's business-type activities decreased by approximately \$2,200. This increase can be attributed to the increased costs of food and supplies.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

The Capital Outlay Fund, Special Education Fund, and Pension Fund had increases in fund balance. Capital Outlay's increase is due mainly to receiving more in taxes in FY10 and also receiving \$500,000 from a QZAB bond in FY10. The Special Education Fund showed an increase due mainly to receiving extra federal dollars due to the stimulus program. Pension Fund's increase is slight and this was mainly due to controlling expenditures throughout the year. The General Fund had approximately a 24.8% decrease in net assets. In the General Fund, this decrease was mainly due to spending down cash reserves due to increases in instruction and operation expenses.

BUDGETARY HIGHLIGHTS

Over the course of the year, the School Board revised the School budget several times. These amendments fall into two categories:

- Contingency transfers approved for unanticipated, yet necessary, expenses to provide for items necessary for the education program of this district.
- Increases in appropriations, primarily by contingency transfer, to prevent budget overruns.

There were budget changes for the year due to needing additional funding for general operating expenses in the General Fund.

CAPITAL ASSET ADMINISTRATION

By the end of 2010, the district had invested \$3,279,022 in a broad range of capital assets, including, land, buildings, various machinery and equipment. (See Table A-5.) There was a 2.8% decrease in net capital assets for the governmental activities. There was a 8.3% decrease in the business-type activities capital assets. These decreases are due to the natural increase of accumulated depreciation.

**REDFIELD SCHOOL DISTRICT NO. 56-4
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Table A-5
REDFIELD SCHOOL DISTRICT 56-4 - Capital Assets
(net of depreciation)**

	Governmental Activities		Business-type Activities	
	2009	2010	2009	2010
Land	\$ 113,900	\$ 113,900	\$ --	\$ --
Land Improvements	44,867	38,336	--	--
Buildings	2,490,142	2,384,293	--	--
Machinery and Equipment	621,837	643,022	108,513	99,471
Total Capital Assets (Net)	\$ 3,270,746	\$ 3,179,551	\$ 108,513	\$ 99,471

This year's major capital asset purchases were promethean boards, books, bleachers, a scrubber, and a bus.

LONG-TERM DEBT

At year-end the School had \$3,369,035 in long-term obligations. This balance includes Qualified Zone Academy Bonds payable, capital lease/purchase payables, and accrued sick leave payable. See individual balances as shown on Table A-6 below.

**Table A-6
REDFIELD SCHOOL DISTRICT 56-4 - Outstanding Debt and Obligations**

	Governmental Activities		Total Dollar Percentage Change	Total Change
	2009	2010	2009-2010	2009-2010
Bonds Payable	\$ 825,000	\$ 1,325,000	\$ 500,000	60.6%
Capital Acquisition Leases	2,197,904	2,009,015	(188,889)	8.6%
Compensated Absences	36,759	35,020	(1,739)	4.7%
Total Outstanding Debt and Obligations	\$ 3,059,663	\$ 3,369,035	\$ 309,372	10.1%

The School is liable for the repayment of Qualified Zone Academy Bonds, capital lease/purchase agreements, and accrued sick leave payable to the various employees who have five consecutive years or more of employment at the School District. The School District also has an early retirement benefit for any teacher or administrator who has been employed by the School District for a period of 15 years and has reached the age of 55 but has not reached the age of 62 to be paid an amount equal to 60% of the employee's contracted salary. The School District did not have any early retirement payables at the end of FY10.

**REDFIELD SCHOOL DISTRICT NO. 56-4
MANAGEMENT'S DISCUSSION AND ANALYSIS**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The School's current economic position has shown little change. The School did not experience a significant change in total property valuation from the prior year. The total amount which can be levied is limited by the State of South Dakota.

One of the primary sources of revenue to the School is based on a per student allocation received from the State of South Dakota. The state aid formula for the current year ensures that property taxes plus state aid will equal \$4,804 per pupil. The allocation for the next year has a zero increase, however the school has experienced an increase of approximately 16 students average daily membership (ADM) this year. This increase in ADM will result in the school receiving more overall revenue from the State of South Dakota even with the zero increase in the allocation. The School is currently reviewing the budget to determine possible cuts.

The school's enrollment for the last two years has been as follow:

**Table A-6, Redfield School District ADM
For the Last Two Years**

<u>YEAR</u>	<u>ADM</u>	<u>Percent (Decrease) in ADM</u>
2010	618	2.7%
2009	602	(.8%)

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. If you have questions about this report or need additional information, contact the Redfield School's Business Office, PO Box 560, Redfield, SD 57469-0560.

REDFIELD SCHOOL DISTRICT NO. 56-4
STATEMENT OF NET ASSETS
JUNE 30, 2010

	PRIMARY GOVERNMENT		
	GOVERNMENTAL	BUSINESS-TYPE	
	ACTIVITIES	ACTIVITIES	TOTAL
ASSETS:			
Cash and Cash Equivalents	\$ 2,952,681	\$ 6,279	\$ 2,958,960
Incidental Imprest Account	3,000	-	3,000
Taxes Receivable	1,197,807	-	1,197,807
Inventories	-	3,090	3,090
Other Assets	164,188	-	164,188
Restricted Assets:			
Cash and Cash Equivalents	322,299	-	322,299
Capital Assets:			
Land	113,900	-	113,900
Other Capital Assets, Net of Depreciation	3,065,651	99,471	3,165,122
TOTAL ASSETS	\$ 7,819,526	\$ 108,840	\$ 7,928,366
LIABILITIES:			
Other Current Liabilities	\$ 592,584	\$ 8,582	\$ 601,166
Noncurrent Liabilities:			
Due Within One Year	142,993	-	142,993
Due in More than One Year	3,226,042	-	3,226,042
TOTAL LIABILITIES	3,961,619	8,582	3,970,201
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	345,536	99,471	445,007
Restricted for:			
Capital Outlay	1,215,340	-	1,215,340
Special Education	475,736	-	475,736
Pension	66,062	-	66,062
Debt Service	307,942	-	307,942
Food Service	-	787	787
Unrestricted	1,447,291	-	1,447,291
TOTAL NET ASSETS	3,857,907	100,258	3,958,165
TOTAL LIABILITIES AND NET ASSETS	\$ 7,819,526	\$ 108,840	\$ 7,928,366

The accompanying notes are an integral part of these financial statements.

REDFIELD SCHOOL DISTRICT NO. 56-4
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

FUNCTIONS / PROGRAMS	EXPENSES	PROGRAM REVENUES	
		CHARGES FOR SERVICES	
Primary Government:			
Governmental Activities:			
Instruction	\$ 3,475,737	\$	5,800
Support Services	1,913,325		-
* Interest on Long-Term Debt	158,323		-
Cocurricular Activities	173,536		43,315
Total Governmental Activities	5,720,921		49,115
Business-Type Activities			
Food Service	211,142		121,200
Total Business-Type Activities	211,142		121,200
Total Primary Government	\$ 5,932,063	\$	170,315

* The District does not have interest expense related to the functions presented above. This amount includes indirect interest expense on general long-term debt.

The accompanying notes are an integral part of these financial statements.

PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
\$ 745,330	\$ -	\$ (2,724,607)	\$ -	\$ (2,724,607)	
-	-	(1,913,325)	-	(1,913,325)	
-	-	(158,323)	-	(158,323)	
-	-	(130,221)	-	(130,221)	
745,330	-	(4,926,476)	-	(4,926,476)	
87,698	-	-	(2,244)	(2,244)	
87,698	-	-	(2,244)	(2,244)	
\$ 833,028	\$ -	\$ (4,926,476)	\$ (2,244)	\$ (4,928,720)	

GENERAL REVENUES:

Taxes:					
Property Taxes	\$ 2,374,012	\$ -	\$	2,374,012	
Gross Receipts Taxes	45,433	-		45,433	
Revenue from State Sources:					
State Aid	2,696,535	-		2,696,535	
Unrestricted Investment Earnings	13,205	-		13,205	
Other General Revenues	141,251	-		141,251	
Total General Revenues	5,270,436	-		5,270,436	
Change in Net Assets	343,960	(2,244)		341,716	
Net Assets-Beginning	3,513,947	102,502		3,616,449	
Net Assets-Ending	\$ 3,857,907	\$ 100,258	\$	3,958,165	

REDFIELD SCHOOL DISTRICT NO. 56-4
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 JUNE 30, 2010

	GENERAL FUND	CAPITAL OUTLAY FUND	SPECIAL EDUCATION FUND
ASSETS:			
Cash and Cash Equivalents	\$ 1,171,424	\$ 1,208,273	\$ 507,602
Taxes Receivable--Current	628,554	369,992	148,923
Taxes Receivable--Delinquent	8,834	3,067	1,170
Due from Other Governments	57,361	-	106,827
Advance Payments	3,000	-	-
Restricted Cash and Cash Equivalents			
TOTAL ASSETS	\$ 1,869,173	\$ 1,581,332	\$ 764,522
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Contracts Payable	\$ 360,280	\$ -	\$ 112,724
Payroll Deductions and Withholding and Employer Matching Payable	89,887	-	29,693
Deferred Revenue	637,388	373,059	150,093
Total Liabilities	1,087,555	373,059	292,510
Fund Balances:			
Unreserved Fund Balances:			
Designated for Cash Flow	105,798	42,463	276,764
Undesignated	675,820	1,165,810	195,248
Total Fund Balances	781,618	1,208,273	472,012
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,869,173	\$ 1,581,332	\$ 764,522

The accompanying notes are an integral part of these financial statements.

PENSION FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
\$ 65,382	\$ -	\$ 2,952,681
36,984	-	1,184,453
283	-	13,354
-	-	164,188
-	-	3,000
	307,942	307,942
\$ 102,649	\$ 307,942	\$ 4,625,618

\$ -	\$ -	\$ 473,004
-	-	119,580
37,267	-	1,197,807
37,267	-	1,790,391

-	-	425,025
65,382	307,942	2,410,202
65,382	307,942	2,835,227
\$ 102,649	\$ 307,942	\$ 4,625,618

REDFIELD SCHOOL DISTRICT NO. 56-4
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2010

Total Fund Balances - Governmental Funds			\$ 2,835,227
Amounts reported for governmental activities in the Statement of Net Assets are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	The cost of capital assets are Accumulated depreciation is Net	\$ 6,877,754 <u>(3,698,203)</u>	3,179,551
Long-term liabilities, including bonds payable and accrued leave payable are not due and payable in the current period and therefore are not reported in the funds.	Accrued leave payable Bonds Payable Capital Lease/Purchase Agreements Net	(35,020) (1,325,000) <u>(2,009,015)</u>	(3,369,035)
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.	General Fund receivable General Fund delinquent Net	628,554 <u>8,834</u>	637,388
	Capital Outlay Fund receivable Capital Outlay Fund delinquent Net	369,992 <u>3,067</u>	373,059
	Special Education fund receivable Special Education fund delinquent Net	148,923 <u>1,170</u>	150,093
	Pension fund receivable Pension fund delinquent Net	36,984 <u>283</u>	37,267
An internal service fund is used by the District's management to charge the costs of unemployment claims to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.			<u>14,357</u>
Net Assets-Governmental Funds			<u>\$ 3,857,907</u>

The accompanying notes are an integral part of these financial statements.

REDFIELD SCHOOL DISTRICT NO. 56-4
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	GENERAL FUND	CAPITAL OUTLAY FUND	SPECIAL EDUCATION FUND
Revenues:			
Revenue from Local Sources:			
Taxes:			
Ad Valorem Taxes	\$ 1,058,990	\$ 728,829	\$ 291,533
Prior Years' Ad Valorem Taxes	9,687	4,736	1,913
Gross Receipts Taxes	45,433	-	-
Penalties and Interest on Taxes	3,406	1,946	787
Tuition and Fees:			
Regular Day School Tuition	5,800	-	-
Earnings on Investments and Deposits	5,926	4,088	2,826
Cocurricular Activities:			
Admissions	37,724	-	-
Rentals	3,741	-	-
Other Activity Income	1,850	-	-
Other Revenue from Local Sources:			
Rentals	5,050	-	-
Charges for Services	28,317	-	6,106
Other	59,784	1,270	663
Revenue from Intermediate Sources:			
County Sources:			
County Apportionment	38,913	-	-
Revenue in Lieu of Taxes	458	460	184
Revenue from State Sources:			
Grants-in-Aid:			
Unrestricted Grants-in-Aid	1,945,768	-	730,554
Other State Revenue	-	20,213	-
Revenue from Federal Sources:			
Grants-in-Aid:			
Restricted Grants-in-Aid Received from Federal Government Through the State	395,781	-	349,549
Total Revenue	<u>\$ 3,646,628</u>	<u>\$ 761,542</u>	<u>\$ 1,384,115</u>

The accompanying notes are an integral part of these financial statements.

PENSION FUND		DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
\$	72,910	\$ -	\$ 2,152,262
	472	-	16,808
	-	-	45,433
	193	-	6,332
	-	-	5,800
	365	-	13,205
	-	-	37,724
	-	-	3,741
	-	-	1,850
	-	-	5,050
	-	-	34,423
	-	-	61,717
	-	-	38,913
	46	-	1,148
	-	-	2,676,322
	-	-	20,213
	-	-	745,330
\$	73,986	\$ -	\$ 5,866,271

REDFIELD SCHOOL DISTRICT NO. 56-4
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2010

	GENERAL FUND	CAPITAL OUTLAY FUND	SPECIAL EDUCATION FUND
Expenditures:			
Instruction:			
Regular Programs:			
Elementary	\$ 1,001,074	\$ 60,965	\$ -
High School	1,226,072	71,978	-
Special Programs:			
Programs for Special Education	-	-	750,937
Educationally Deprived	169,852	-	-
Support Services:			
Support Services - Pupils:			
Attendance and Social Work	9,236	-	-
Guidance	102,569	-	3,066
Health	35,628	-	3,816
Psychological	-	-	29,520
Student Therapy Services	-	-	12,995
Support Services - Instructional Staff:			
Improvement of Instruction	1,718	-	-
Educational Media	153,574	-	-
Support Services - General Administration:			
Board of Education	42,150	-	-
Executive Administration	158,516	-	-
Support Services - School Administration:			
Office of the Principal	110,111	-	-
Other	1,920	-	-
Support Services - Business:			
Fiscal Services	108,887	-	-
Facilities Acquisition and Construction Services	-	43,044	-
Operation and Maintenance of Plant	418,878	42,428	-
Pupil Transportation	200,842	-	-
Internal Services	9,787	37,360	-
Support Services - Special Education			
Administrative Costs	-	-	158,034
Transportation Costs	-	-	12,142
Other Special Education Costs	-	-	145,501
Debt Services	-	347,212	-

The accompanying notes are an integral part of these financial statements.

PENSION FUND		DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
\$ 36,650		\$ -	\$ 1,098,689
36,650		-	1,334,700
-		-	750,937
-		-	169,852
-		-	9,236
-		-	105,635
-		-	39,444
-		-	29,520
-		-	12,995
-		-	1,718
-		-	153,574
-		-	42,150
-		-	158,516
-		-	110,111
-		-	1,920
-		-	108,887
-		-	43,044
-		-	461,306
-		-	200,842
-		-	47,147
-		-	158,034
-		-	12,142
-		-	145,501
-		-	347,212

REDFIELD SCHOOL DISTRICT NO. 56-4
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS (CONT'D)
 FOR THE YEAR ENDED JUNE 30, 2010

	GENERAL FUND	CAPITAL OUTLAY FUND	SPECIAL EDUCATION FUND
Expenditures:			
Cocurricular Activities:			
Male Activities	56,215	-	-
Female Activities	38,060	-	-
Transportation	19,751	-	-
Combined Activities	42,694	-	-
Capital Outlay	-	120,522	-
Total Expenditures	3,907,534	723,509	1,116,011
Excess of Revenue Over (Under) Expenditures	(260,906)	38,033	268,104
Other Financing Sources (Uses):			
Transfers In	3,191	72,449	-
Transfers Out	-	(68,991)	(75,275)
General Long-Term Debt Issued	-	500,000	-
Total Other Financing Sources (Uses)	3,191	503,458	(75,275)
Net Change in Fund Balances	(257,715)	541,491	192,829
Fund Balance - Beginning	1,039,333	666,782	279,183
Fund Balance - Ending	\$ 781,618	\$ 1,208,273	\$ 472,012

The accompanying notes are an integral part of these financial statements.

PENSION FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
-	-	56,215
-	-	38,060
-	-	19,751
-	-	42,694
-	-	120,522
73,300	-	5,820,354
686	-	45,917
-	68,991	144,631
(365)	-	(144,631)
-	-	500,000
(365)	68,991	500,000
321	68,991	545,917
65,061	238,951	2,289,310
\$ 65,382	\$ 307,942	\$ 2,835,227

REDFIELD SCHOOL DISTRICT NO. 56-4
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

Total net change in fund balances - governmental funds	\$ 545,917
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Amounts reported for governmental activities in the
Statement of Activities are different because:

<p>Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Assets and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which depreciation exceeds capital outlays in the period.</p>	<p>Capital Outlays Depreciation Expense Net</p>	<p>120,522 <u>(211,717)</u></p>	<p>(91,195)</p>
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<p>Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets and does not effect the Statement of Activities.</p>	<p>Capital Lease Loan Capital Lease Purchase Agreement Net</p>	<p>158,189 <u>30,700</u></p>	<p>188,889</p>
--	--	----------------------------------	----------------

<p>The issuance of long-term debt is an other financing source the increase of bonds payable and debt service from prior years.</p>	<p>Qualified Zone Academy Bonds</p>	<p>(500,000)</p>	
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<p>The fund financial statement government fund property tax accruals differ from the government wide statement property tax accruals in that the fund financial statements require the amounts to be "available".</p>	<p>Taxes - Current Taxes Collected: July - December 2009 Net</p>	<p>1,184,453 <u>(985,843)</u></p>	<p>198,610</p>
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<p>Governmental funds do not reflect the change in accrued leave, but the statement of activities reflects the change in accrued leave through expenditures.</p>	<p>Accrued Leave</p>	<p><u>1,739</u></p>	
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Change in net assets of governmental activities	<p><u>\$ 343,960</u></p>
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The accompanying notes are an integral part of these financial statements.

REDFIELD SCHOOL DISTRICT NO. 56-4
BALANCE SHEET
PROPRIETARY FUNDS
JUNE 30, 2010

	<u>ENTERPRISE FUNDS</u>		<u>INTERNAL</u>
	<u>FOOD</u>		<u>SERVICE</u>
	<u>SERVICE</u>		<u>SERVICE</u>
	<u>FUND</u>		<u>FUND</u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 6,279	\$ 14,357	
Inventory of Stores Purchased for Resale	1,097	-	
Inventory of Donated Food	1,993	-	
Total Current Assets	<u>9,369</u>	<u>14,357</u>	
Capital Assets:			
Machinery and Equipment-Local Funds	143,283	-	
Less: Accumulated Depreciation	(43,812)	-	
Total Noncurrent Assets	<u>99,471</u>	<u>-</u>	
TOTAL ASSETS	<u><u>\$ 108,840</u></u>	<u><u>\$ 14,357</u></u>	
LIABILITIES:			
Current Liabilities:			
Contracts Payable	\$ 7,437	\$ -	
Payroll Deductions and Withholdings and Employer Matching Payable	1,145	-	
Total Current Liabilities	<u>8,582</u>	<u>-</u>	
NET ASSETS:			
Invested in Capital Assets	99,471	-	
Unrestricted Net Assets	787	14,357	
Total Net Assets	<u>100,258</u>	<u>14,357</u>	
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 108,840</u></u>	<u><u>\$ 14,357</u></u>	

The accompanying notes are an integral part of these financial statements.

REDFIELD SCHOOL DISTRICT NO. 56-4
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>ENTERPRISE FUNDS</u>	
	FOOD SERVICE FUND	INTERNAL SERVICE FUND
Operating Revenue:		
Sales:		
To Pupils	\$ 110,373	\$ -
To Adults	10,556	-
Miscellaneous	271	-
	<hr/> 121,200	<hr/> -
Total Operating Revenue		
Operating Expenses:		
Food Service:		
Salaries	60,159	-
Employee Benefits	10,957	-
Purchased Services	3,889	-
Supplies	6,008	-
Cost of Sales - Purchased Food	105,911	-
Cost of Sales - Donated Food	15,175	-
Depreciation Expense	9,043	-
	<hr/> 211,142	<hr/> -
Total Operating Expenses		
Operating Loss	<hr/> (89,942)	<hr/> -
Nonoperating Revenue (Expense):		
State Sources:		
Cash Reimbursements	1,558	-
Federal Sources:		
Cash Reimbursements	70,200	-
Donated Food	15,940	-
	<hr/> 87,698	<hr/> -
Total Nonoperating Revenue		
Income (Loss) Before Transfers	<hr/> (2,244)	<hr/> -
Transfers In		-
Change in Net Assets	<hr/> (2,244)	<hr/> -
Net Assets - Beginning	102,502	14,357
Net Assets - Ending	<hr/> \$ 100,258	<hr/> \$ 14,357

The accompanying notes are an integral part of these financial statements.

REDFIELD SCHOOL DISTRICT NO. 56-4
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	ENTERPRISE FUNDS FOOD SERVICE FUND	INTERNAL SERVICE FUND
Cash Flows from Operating Activities:		
Receipts from Customers	\$ 121,199	\$ -
Payments to Suppliers	(116,146)	-
Payments to Employees	(70,532)	-
Net Cash Used by Operating Activities	(65,479)	-
Cash Flows from Noncapital Financing Activities:		
Cash Reimbursements - State	1,558	-
Cash Reimbursements - Federal	70,200	-
Net Cash Provided by Noncapital Financing Activities	71,758	-
Net Increase in Cash and Cash Equivalents	\$ 6,279	\$ -
Cash and Cash Equivalents at Beginning of Year	\$ -	\$ 14,357
Cash and Cash Equivalents at End of Year	6,279	14,357
Net Increase/Decrease in Cash and Cash Equivalents	\$ 6,279	\$ -
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating Loss	\$ (89,942)	\$ -
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation Expense	9,043	-
Noncash Cost of Sales-Commodities	15,175	-
Change in Assets and Liabilities:		
Inventories	(340)	-
Accrued Wages Payable	585	-
Net Cash Used by Operating Activities	\$ (65,479)	\$ -
Noncash Investing, Capital and Financing Activities:		
Value of Commodities Received	\$ 15,940	\$ -

The accompanying notes are an integral part of these financial statements.

REDFIELD SCHOOL DISTRICT NO. 56-4
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 JUNE 30, 2010

	PRIVATE-PURPOSE TRUST FUNDS	AGENCY FUNDS
ASSETS:		
Cash and Cash Equivalents	\$ 63,813	\$ 94,884
TOTAL ASSETS	\$ 63,813	\$ 94,884
LIABILITIES:		
Amounts Held for Others	\$ -	\$ 94,884
NET ASSETS		
Held in Trust for Scholarships	63,813	-
TOTAL LIABILITIES AND NET ASSETS	\$ 63,813	\$ 94,884

The accompanying notes are an integral part of these financial statements.

REDFIELD SCHOOL DISTRICT NO. 56-4
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010

	PRIVATE-PURPOSE TRUST FUNDS
ADDITIONS:	
Other Additions	\$ 3,881
DEDUCTIONS:	
Trust Deductions for Scholarships	3,015
Change in Net Assets	866
NET ASSETS - BEGINNING	62,947
NET ASSETS - ENDING	\$ 63,813

The accompanying notes are an integral part of these financial statements.

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a. Financial Reporting Entity:

The reporting entity of Redfield School District No. 56-4, consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The School District is financially accountable if its Governing Board appoints a voting majority of another organizations governing body and it has the ability to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on, the School District (primary government). The School District may also be financially accountable for another organization if that organization is fiscally dependent on the School District. The School District has no component units.

The School District participates in a cooperative service unit with several other school districts. See detailed note entitled "Consortium Information" for specific disclosures. Consortia do not meet the criteria for inclusion in the financial reporting entity as a component unit, but are discussed in these notes because of the nature of their relationship with the School District.

The accounting policies of the School District conform to generally accepted accounting principles as applicable to governments.

b. Basis of Presentation:

Government-wide Financial Statements: The Statement of Net Assets and the Statement of Activities display information about the reporting entity as a whole. These statements include the financial activities of the overall government, except for fiduciary activities.

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONT'D)

b. Basis of Presentation: (cont'd)

These statements distinguish between the governmental and business-type activities of the School District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

The Statement of Net Assets reports all financial and capital resources, in a net assets form (assets minus liabilities equal net assets). Net assets are displayed in three components, as applicable, invested in capital assets net of related debt, restricted (distinguishing between major categories of restrictions), and unrestricted.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the School District and for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by recipients of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the District or it meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONT'D)

b. Basis of Presentation: (cont'd)

2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined, or
3. Management has elected to classify one or more governmental or enterprise funds as major for consistency in reporting from year to year, or because of public interest in the fund's operations.

Governmental Funds:

General Fund - A fund established by South Dakota Codified Laws (SDCL) 13-16-3 to meet all the general operational costs of the School District, excluding the capital outlay fund and special education fund expenditures. The General Fund is always a major fund.

Special Revenue Fund Types - Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Outlay Fund: A fund established by SDCL 13-16-6 to meet expenditures which result in the lease of, acquisition of or additions to real property, plant or equipment, textbooks and instructional software. This fund is financed by property taxes. This is a major fund.

Special Education Fund: A fund established by SDCL 13-37-16 to pay the costs for the special education of all children in need of special assistance and prolonged assistance who reside within the district. This fund is financed by grants and property taxes. This is a major fund.

Pension Fund: A fund established by SDCL 13-10-6 for the purpose of paying pensions to retired employees of school districts, which have established such systems, paying the District's share of retirement plan contributions, and for funding early retirement benefits to qualifying employees. This fund is financed by property taxes. This is a major fund.

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONT'D)

b. Basis of Presentation: (cont'd)

Debt Service Funds:

Debt Service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The QZAB Fund is the only debt service fund. This fund was established to collect money in a sinking fund for payment of term bonds. The Capital Outlay fund transfers money to this fund on a yearly basis. At the end of the term, the bonds will be paid off. This is a major fund.

Proprietary Funds:

Enterprise Funds - Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Food Service Fund - A fund used to record financial transactions related to food service operations. This fund is financed by user charges and grants. This is a major fund.

Internal Service Fund Types - are used to report activities that provide goods or services to other funds, departments, or agencies of the School District and its component units, or to other governments, on a cost-reimbursement basis. Internal Service Funds are never considered to be major funds.

Unemployment Fund - This fund accounts for unemployment self-insurance coverage provided to other departments on a cost-reimbursement basis.

Fiduciary Funds:

Fiduciary Funds are never considered to be major funds.

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONT'D)

b. Basis of Presentation: (cont'd)

Private Purpose Trust Funds - Trust funds are used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The School District maintains several private-purpose trust funds; their purposes are for scholarships and memorials.

Agency Funds - Agency funds are used to account for resources held by the School District in a purely custodial capacity (assets equal liabilities). Since agency funds are custodial in nature they do not involve the measurement of results of operations. The School District maintains agency funds to hold assets as an agent in a trustee capacity for various classes, clubs and so on.

c. Measurement Focus and Basis of Accounting:

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus.

Measurement Focus:

Government-Wide Financial Statements: In the government-wide Statement of Net Assets and Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus, applied on the accrual basis of accounting.

Fund Financial Statements: In the fund financial statements, the "current financial resources" measurement focus and the modified accrual basis of accounting are applied to governmental funds while the "economic resources" measurement focus and the accrual basis of accounting are applied to the proprietary and fiduciary funds.

Basis of Accounting:

Government-Wide Financial Statements: In the government-wide Statement of Net Assets and Statement of Activities, governmental, business-type and fiduciary activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues and related assets generally are recorded when earned (usually when the right to receive cash vests); and expenses and related liabilities are recorded when an obligation is incurred (usually when the obligation to pay cash in the future vests).

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONT'D)

c. Measurement Focus and Basis of Accounting: (cont'd)

Basis of Accounting: (cont'd)

Fund Financial Statements: All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the Redfield School District 56-4, the length of that cycle is sixty days.

Under the modified accrual basis of accounting, receivables may be measurable but not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Reported deferred revenues are those where asset recognition criteria have been met but for which revenue recognition criteria have not been met.

Expenditures generally are recognized when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which are recognized when due.

All proprietary and fiduciary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

The business-type activities and enterprise funds do not apply any FASB Statements and Interpretations issued after November 30, 1989.

d. Interfund Eliminations and Reclassifications:

Government-Wide Financial Statements: In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund balances in the fund financial statements have been eliminated or reclassified, as follows:

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONT'D)

d. Interfund Eliminations and Reclassifications: (cont'd)

1. In order to minimize the grossing-up effect on assets and liabilities within the governmental and business-type activities columns of the primary government, amounts reported as interfund receivables and payables have been eliminated in the governmental and business-type activities columns, except for the net, residual amounts due between governmental and business-type activities, which are presented as Internal Balance.
2. In order to minimize the doubling-up effect on internal service fund activity, certain "centralized expenses" including an administrative overhead component, are charged as direct expenses to funds or programs in order to show all expenses that are associated with a service, program, department, or fund. When expenses are charged, in this manner, expense reductions occur in the Internal Service Fund, so that expenses are reported only in the function to which they relate.

Fund Financial Statements: Noncurrent portions of long-term interfund receivables (reported in "Advance to" asset accounts) are equally offset by a fund balance reserve account which indicates that they do not constitute "available spendable resources" since they are not a component of net current assets. Current portions of interfund receivables (reported in "due from" asset accounts) are considered "available spendable resources."

e. Inventory:

Inventory is valued at the lower of cost or market. The cost valuation method is actual cost. Donated commodities are valued at estimated market value based on the USDA price list at date of receipt.

In the government-wide financial statements, Food Service Fund inventory items are initially recorded as assets and charged to expense in the various functions of government as they are consumed.

In the fund financial statements, inventories in the General Fund and Special Revenue Funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed. Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. No material inventories were on hand at June 30, 2010.

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONT'D)

f. Capital Assets:

Capital assets include land, buildings, machinery and equipment, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.

The accounting treatment over capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Financial Statements: All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at the estimated fair value on the date donated.

Interest costs incurred during construction of capital assets are not capitalized along with other capital asset costs.

The total June 30, 2010 balance of capital assets for governmental activities includes approximately less than two percent for which the costs were determined by estimates of the original costs. These estimated original costs were established by appraisals of deflated current replacement cost. The total June 30, 2010 balance of capital assets for business-type activities are all valued at original cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities, with net capital assets reflected in the Statement of Net Assets. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land Improvements	\$ 5,000	Straight-line	15 years
Buildings	\$ 5,000	Straight-line	30 years
Machinery & Equipment	\$ 5,000	Straight-line	8-20 years
Machinery & Equipment- Proprietary Fund	\$ 5,000	Straight-line	8-20 years

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONT'D)

f. Capital Assets: (cont'd)

Land, an inexhaustible capital asset, is not depreciated.

Fund Financial Statements: In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital expenditures of the appropriate governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for on the accrual basis, the same as in the government-wide statements.

g. Long-Term Liabilities:

The accounting treatment of long-term liabilities depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities consist of bonds payable, capital lease purchase payables, early retirement benefits payable, and compensated absences.

In the fund financial statements, debt proceeds are reported as revenues (other financing sources) and payment of principle and interest are reported as expenditures when they become due. The accounting for proprietary fund long-term debt is the accrual basis, the same in the fund statements as it is in the government-wide statements.

h. Program Revenues:

In the government-wide Statement of Activities, reported program revenues derive directly from the program itself or from parties other than the School District's taxpayers or citizenry, as a whole. Program revenues are classified into three categories, as follows:

1. Charges for services - These arise from charges to customers, applicants, or others who purchase, use or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services.
2. Program-specific operating grants and contributions - These arise from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONT'D)

3. Program-specific capital grants and contributions - These arise from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

i. Proprietary Funds Revenue and Expense Classifications:

In the proprietary fund's Statement of Revenues, Expenses, and Changes in Fund Net Assets, revenues and expenses are classified in a manner consistent with how they are classified in the Statement of Cash Flows. That is, transactions for which related cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities are not reported as components of operating revenues or expenses.

j. Accumulated Unpaid Vacation and Sick Leave:

Annual leave is earned by the employees at varying rates and is non-cumulative. Upon termination, employees are not entitled to receive compensation for their accrued annual leave balance.

Sick leave is earned by the employees at varying rates depending on position. Upon termination, employees are entitled to receive compensation for their accrued sick leave balance, after ten years of employment, employees receive \$10 per day for their accumulated leave balance to a maximum of sixty days. The sick leave payable estimate was based on the assumption that all employees who have been in the school system for five years will be in the system for ten years.

k. Deferred Revenue:

Under the modified accrual basis of accounting, receivables, such as taxes receivable, may be measurable but not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Reported deferred revenues are those where asset recognition criteria have been met but for which revenue recognition criteria have not been met.

l. Cash and Cash Equivalents:

The School District pools its cash resources for depositing and investing purposes. The enterprise fund has access to its cash resources on demand. Accordingly, all reported deposit and investment balances are considered to be cash equivalents for the purpose of the Statement of Cash Flows.

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONT'D)

m. Equity Classifications:

Government-Wide Financial Statements: Equity is classified as net assets and is displayed in three components:

1. Invested in capital assets, net of related debt - Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net assets - Consists of net assets with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Financial Statements: Governmental fund equity is classified as fund balance, and may distinguish between "Reserved" and "Unreserved" components. Proprietary fund equity is classified the same as in the government-wide financial statements. Fiduciary fund equity (except for Agency Funds, which have no fund equity) is reported as net assets held in trust for other purposes.

n. Application of Net Assets:

It is the School District's policy to first use restricted net assets, prior to the use of unrestricted net assets, when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

o. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

2. DEPOSITS AND INVESTMENTS, CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK:

The School District follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by statutes. These restrictions are summarized below:

Deposits - The School District's deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 13-16-15, 13-16-15.1 and 13-16-18.1. Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by federal home loan banks accompanied by written evidence of that bank's public debt rating which may not be less than "AA" or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

Deposits are reported at cost plus interest, if the account is of the add-on type.

Investments - In general, SDCL 4-5-6 permits school funds to be invested in (a) securities of the United States and securities guaranteed by the United States government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a); or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) and repurchase agreements described in (b). Also, SDCL 4-5-9 requires that investments shall be in the physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

Interest Rate Risk - The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - State law limits eligible investments for the School District, as discussed above. The School District has no investment policy that would further limit its investment choices. As of June 30, 2010, the School District's investment in the South Dakota Public Fund Investment Trust (SDFIT) pool was unrated.

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

2. DEPOSITS AND INVESTMENTS, CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK: (CONT'D)

Concentrations of Credit Risk - The School District places no limit on the amount that may be invested in any one issuer. All of the School District's investments are in South Dakota Public Fund Investment Trust (SDFIT) but the SDFIT investment is not subject to concentration of credit risk due to the fact the investment is in an external investment pool.

The investments at June 30, 2010 were as follows:

	Credit Rating	Fair Value
External Investment Pools - SDFIT	Unrated	<u>\$146,973</u>

Investments are stated at fair value.

Custodial Credit Risk - Deposits - The risk that, in the event of a depository failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. As of June 30, 2010, all of the School District's investments are in South Dakota Public Fund Investment Trust (SDFIT).

State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The District's policy states that interest earned on investments will be credited to the respective fund or to the General fund. United States generally accepted accounting principles, on the other hand, requires income from deposits and investments to be reported in the fund whose assets generated that income. Where the governing board has discretion to credit investment income to a fund other than the fund that provided the resources for investment, a transfer to the designated fund is reported. Accordingly, in the fund financial statements, interfund transfers of investment earnings are reported while in the government-wide financial statements, they have been eliminated, except for the net amounts transferred between governmental activities and business-type activities. These interfund transfers are not violations of the statutory restrictions on interfund transfers.

The SDFIT is an external investment pool created for South Dakota local government investing. It is regulated by a nine-member board with representation from municipalities, school districts and counties. The net asset value of the SDFIT money market account (GCR) is kept at one dollar per share by adjusting the rate of return on a daily basis. Earnings are credited to each account on a monthly basis.

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

3. PROPERTY TAX:

Property taxes are levied on or before each October 1, attach as an enforceable lien on property, and become due and payable as of the following January 1, and are payable in two installments on or before the following April 30 and October 31. The county bills and collects the School District's taxes and remits them to the School District.

School District property tax revenues are recognized to the extent that they are used to finance each year's appropriations. Revenue related to current year property taxes receivable which is intended to be used to finance the current year's appropriations, but which will not be collected during the current fiscal year or within the "availability period" has been deferred in the fund financial statements. Property tax revenues intended to finance the current year's appropriations, and therefore susceptible to accrual, has been reported as revenue in the government-wide financial statements, even though collection will occur in a future fiscal year.

4. DUE FROM OTHER GOVERNMENTS:

Receivables are not aggregated in these financial statements. The School District expects all receivables to be collected within one year. Amounts due from other governments include reimbursements for various programs. These amounts include \$164,188 due from various federal grants.

5. CHANGES IN CAPITAL ASSETS:

A summary of changes in capital assets for the fiscal year ended June 30, 2010 is as follows:

Primary Government:

	Balance			Balance
	<u>7/01/09</u>	<u>Increases</u>	<u>Decreases</u>	<u>6/30/10</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 113,900	\$ --	\$ --	\$ 113,900
Capital assets, being depreciated:				
Buildings	4,768,347	--	--	4,768,347
Improvements other than Buildings	97,967	--	--	97,967
Machinery and Equipment	1,780,243	120,522	3,225	1,897,540
Totals	<u>6,646,557</u>	<u>120,522</u>	<u>3,225</u>	<u>6,763,854</u>

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

5. CHANGES IN CAPITAL ASSETS: (CONT'D)

	Balance 7/01/09	Increases	Decreases	Balance 6/30/10
Less accumulated depreciation for:				
Buildings	2,278,205	105,848	--	2,384,053
Improvements other than Buildings	53,100	6,531	--	59,631
Machinery and Equipment	1,158,406	99,338	3,225	1,254,519
Total Accumulated Depreciation	3,489,711	211,717	3,225	3,698,203
Total capital assets being depreciated, net	3,156,846	(91,195)	--	3,065,651
Governmental activity capital assets, net	<u>\$ 3,270,746</u>	<u>\$ (91,195)</u>	<u>\$ --</u>	<u>\$ 3,179,551</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
Instruction	\$ 123,298
Support Services	71,603
Cocurricular activities	16,816
Total depreciation expense-governmental activities	<u>\$ 211,717</u>

Business-type activities:

Capital assets, being depreciated:				
Machinery and Equipment	\$ 143,283	\$ --	\$ --	\$ 143,283
Less accumulated depreciation for:				
Machinery and Equipment	34,769	9,043	--	43,812
Total accumulated Depreciation	34,769	9,043	--	43,812
Total capital assets, being depreciated, net	108,514	(9,043)	--	99,471
Business-type activity capital assets, net	<u>\$ 108,514</u>	<u>\$ (9,043)</u>	<u>\$ --</u>	<u>\$ 99,471</u>

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

6. LONG-TERM LIABILITIES:

A summary of changes in long-term debt follows:

	Balance 7/01/09	Increases	Decreases	Balance 6/30/10	Amount Due Within One Year
Governmental Activities:					
Qualified Zone Academy Bonds	\$ 825,000	\$ 500,000	\$ --	\$1,325,000	\$ --
Financing (Capital Acquisition)					
Leases	2,197,904	--	188,889	2,009,015	137,993
Compensated Absences	36,759	3,799	5,538	35,020	5,000
	<u>\$ 3,059,663</u>	<u>\$ 503,799</u>	<u>\$ 194,427</u>	<u>\$3,369,035</u>	<u>\$ 142,993</u>

Compensated absences for governmental activities typically have been liquidated from the General and Special Education Funds.

The district maintains an early retirement plan for any teacher or administrator who has been employed by the School District for a period of 15 years and has reached the age of 55 but has not reached the age of 62 to be paid an amount equal to 60% of the employee's contracted salary. This plan allows the district to reduce the overall program cost by hiring lower paid employees to replace the higher paid employees. In the fiscal year 2010, no employees received benefits.

Debt Payable at June 30, 2010 is comprised of the following:

Qualified Zone Academy Bonds:

During January 2002, the School District entered into an agreement to receive Qualified Zone Academy Bonds in the amount of \$325,000. It is a non-interest bearing note. The unstated interest rate is at 3%. Final Payment is December 31, 2015. The Debt Service Fund makes payment on this debt.

\$ 325,000

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

6. LONG-TERM LIABILITIES: (CONT'D)

Qualified Zone Academy Bonds:

During July 2003, the School District entered into an agreement to receive Qualified Zone Academy Bonds in the amount of \$250,000. The unstated interest rate is at 3%. Final payment is November 2013. The Debt Service Fund makes payment on this debt.

\$ 250,000

Qualified Zone Academy Bonds:

During July 2009, the School District entered into an agreement to receive Qualified Zone Academy Bonds in the amount of \$250,000. Interest rate is 1.75%. Final payment is November 2018. The Debt Service Fund makes payment on this debt.

\$ 250,000

Qualified Zone Academy Bonds:

During November 2009, the School District entered into an agreement to receive Qualified Zone Academy Bonds in the amount of \$500,000. There is no interest assessed on these bonds. Final payment is November 2024. The Debt Service Fund makes payment on this debt.

\$ 500,000

The Qualified Zone Academy Bonds program provides bondholders with a tax credit in lieu of cash interest payments. A Sinking fund deposit agreement was required where by the School District makes annual payments of \$18,992, \$25,000, \$25,000, and \$33,333 until December 31, 2015, November 30, 2013, July 29, 2018, and November 30, 2024, respectively at which time the bonds will mature and be retired.

Financing (Capital Acquisition) Leases:

During 2004, the School District entered into a capital lease/purchase agreement totaling \$78,200 for land and a building. The interest rate varies according to the going rate but was calculated at 3.5%. Final maturity of the agreement is July 2011. The Capital Outlay Fund makes payment on this debt.

\$ 20,570

During 2008, the School District entered into a capital lease/purchase agreement totaling \$49,093 for computers. The interest rate is imputed 4.3%. Final maturity of the agreement is October 2013. The Capital Outlay fund makes payment on this debt.

\$ 30,688

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

6. LONG-TERM LIABILITIES: (CONT'D)

During 2009, the School District entered into a capital lease/purchase agreement totaling \$1,821,716 for energy conservation measures taken at the school. The interest rate is 6.13%. Final maturity of the agreement is January 7, 2024. The Capital Outlay fund makes payment on this debt.

\$1,821,716

During FY09, the School District entered into a capital lease/purchase agreement totaling \$167,641 for energy conservation measures taken at the school. The interest rate is 4.57%. Final maturity of the agreement is July 10, 2015. The Capital Outlay fund makes payment on this debt.

\$ 136,041

Compensated Absences

\$ 35,020

The purchase price at the commencement of the financing (capital acquisition) leases were:

Principal	\$ 3,190,773
Interest	<u>1,446,427</u>
 TOTAL	 <u>\$ 4,637,200</u>

The annual requirements to amortize the Qualified Zone Academy Bonds and capital lease/purchase agreements outstanding at June 30, 2010, are as follows:

	Qualified Zone Academy Bonds		Capital Lease/ Purchase Agreement		Total
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2011	\$ --	\$ --	\$ 137,993	\$ 118,389	\$ 256,382
2012	--	--	124,186	110,906	235,092
2013	250,000	36,743	131,345	103,747	521,835
2014	--	--	127,803	96,167	223,970
2015	325,000	78,107	135,348	88,622	627,077
2016-2020	250,000	6,563	667,284	325,425	1,249,272
2021-2024	500,000	--	685,056	97,812	1,282,868
	<u>\$1,325,000</u>	<u>\$ 121,413</u>	<u>\$ 2,009,015</u>	<u>\$ 941,068</u>	<u>\$ 4,396,496</u>

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

7. OPERATING LEASE:

The District entered into an agreement to lease computers for a five (5) year period. The yearly payment is \$27,614. The agreement does offer an option to purchase at any time at the fair market value of the computers. Payments are made from the Capital Outlay Fund. The minimal rental payments are follows:

<u>Year</u>	<u>Amount</u>
2011	<u>\$ 27,614</u>

8. INTERFUND BALANCES AND ACTIVITY:

Transfers to/from other funds at June 30, 2010, consist of the following:

<u>\$ 3,191</u>	Transfers from the other governmental funds to the General Fund for income earned on deposits.
<u>\$72,449</u>	Transfer from Special Education Fund to the Capital Outlay Fund per House Bill 1020.
<u>\$68,991</u>	Transfer from the Capital Outlay Fund to the Debt Service Fund to deposit money towards paying off the Qualified Academy Zone Bonds after their term is complete.

9. RESTRICTED NET ASSETS:

The following table shows the net assets restricted for other purposes as shown on the Statement of Net Assets:

<u>Fund</u>	<u>Restricted By</u>	<u>Amount</u>
Capital Outlay	Law	\$ 1,215,340
Special Education	Law	475,736
Pension	Law	66,062
Food Services	Federal Regulations	787
Debt Service	Law	<u>307,942</u>
Total Restricted Net Assets		<u>\$ 2,065,867</u>

10. DESIGNATED FUND BALANCES:

As authorized by SDCL 13-11-2, the school board has determined that a year-end minimum unreserved fund balance of \$425,025 is necessary to protect the school district's cash liquidity from July 1, through mid-November of the subsequent fiscal year. This amount is reported as Unreserved Fund Balance Designated for Cash Flow Funding in the affected funds.

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

11. RETIREMENT PLAN:

All employees, except for non-contracted staff, participate in the South Dakota Retirement System, (SDRS) a cost-sharing, multiple employer public employee retirement system established to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in South

Dakota Codified Law 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the SDRS, PO Box 1098, Pierre, SD 57501-1098, or by calling (605) 773-3731. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution and to also make an additional contribution in the amount of 6.2% for any compensation exceeding the maximum taxable amount for Social Security for general employees only. The School District's share of contributions to the SDRS for the years ended June 30, 2010, 2009, and 2008 were \$199,372, \$185,917, and \$179,687, respectively, equal to the required contributions each year.

12. CONSORTIUM INFORMATION:

The School District participates in the North Central Perkin's Consortium for the purpose of providing educational services to the member school districts. The members of the consortium are as follows with each member district having a determined allocation:

Hitchcock-Tulare School District No. 56-6	Doland School District No. 56-2
Highmore-Harrold School District No. 34-1	Redfield School District No. 56-4
Faulkton Area School District No. 24-3	Clark School District No. 12-2
Gettysburg School District No. 53-1	Bowdle School District No. 22-1
Miller Area School District No. 29-3	Hoven School District No. 53-2
Wolsey-Wessington School District No. 2-6	Webster School District No. 18-4
Roslyn School District No. 18-2	

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

12. CONSORTIUM INFORMATION: (CONT'D)

The vocational instructors from each participating school district request funds which are approved by the state. Any allocation of and spending of funds is also approved by the state. The Redfield School District acts as the fiscal agent for this consortium.

Financial data for this venture is available from the Redfield School District. At June 30, 2010, this venture had no fund equity and no long-term debt.

13. RISK MANAGEMENT:

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended June 30, 2009, the School District managed its risks as follows:

Employee Health Insurance

The School District joined the South Dakota School District Health Benefits Fund. This is a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The School District pays a monthly premium to the pool to provide health insurance coverage for its employees. The District pays \$438 towards a single premium for ten and twelve month non-certified staff, \$440 towards a full single for certified staff and full single, two-party or family for administrative staff. The deductible rates are as follows: \$200, \$500, \$1,000 and \$1,500 for single and \$400, \$1,000, \$2,000 and \$3,000 for family.

The plan also provides 80/20 co-pay on the next \$2,500 or \$5,000 depending on the deductible. The lifetime maximum is \$2,000,000. The pool purchases reinsurance coverage with the premiums it receives from the members. The School District does not carry additional health insurance coverage to pay claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Liability Insurance

The School District joined the Associated School Boards of South Dakota Property and Liability Fund (ASBSD-PLF), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota school districts. The objective of ASBSD-PLF is to administer and provide risk management services and risk sharing facilities to the members and to defend and protect the members against liability, to advise members on loss control guidelines and procedures, and provide them with risk management services, loss control and risk reduction information and to obtain lower costs for that coverage. The School District's responsibility is to promptly report to and cooperate with the ASBSD-PLF to resolve any incident, which could result in a claim being made by or against the

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

14. RISK MANAGEMENT: (CONT'D)

Liability Insurance (cont...)

School District. The School District pays an annual premium to provide liability coverage detailed below, under a claims-made policy and the premiums are accrued based on the ultimate cost of the experience to date of the ASBSD-PLF member, based on their exposure or type of coverage. The school district pays an annual premium to the pool to provide coverage for: General Liability, Automobile Liability, Employee Benefits, School Board Liability, Sexual Harassment, Sexual Abuse, Loss Fund - Liability & Property, Employee Practices Liability, Property and Boiler & Machinery, Crime, and Excess Liability.

The agreement with the ASBSD-PLF provides that the above coverage's will be provided to a \$1,900,000 limit for General Liability, Automobile Liability, Employee Benefits, School Board Liability, Sexual Harassment, Sexual Abuse, and Employee Practices. Member premiums are used by the pool for payment of claims and to pay for reinsurance for claims in excess of \$100,000 to the upper limit. The school district carries a \$2,500 maintenance deductible for Loss Fund - Liability & Property coverage and \$500 and \$1,000 member deductible for the Property and Boiler & Machinery coverage.

The school district does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Workman's Compensation

The School District participates, with several other educational units and related organizations in South Dakota, in the Associated School Boards of South Dakota Workers' Compensation Fund Pool, which provided workers' compensation insurance coverage for participating members of the pool. The objective of the Fund is to formulate, develop, and administer, of behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The School District's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Fund to resolve any worker's compensation claims. The School District pays an annual premium, to provide worker's compensation coverage for its employees, under a retrospectively rated policy and the premiums are accrued based on the ultimate cost of the experience to date of the Fund members. The school district may also be responsible for additional assessments in the event the pool is

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

13. RISK MANAGEMENT: (CONT'D)

Workman's Compensation

determined by its board of trustees to have inadequate reserves to satisfy current obligations or judgments. Additional assessments, if any, are to be determined on a prorated basis based upon each participant's percentage of contribution in relation to the total contributions to the pool of all participants for the year in which the shortfall occurs. The pool provides loss coverage to all participants through pool retained risk retention and through insurance coverage purchased by the pool in excess of the retained risk. The pool pays the first \$500,000 of any claim per individual. The pool has reinsurance, which covers up to \$1,000,000 per individual per incident.

The School District does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage over the past three years.

Unemployment Benefits

The School District has elected to be self-insured and retain all risk for liabilities resulting from claims for unemployment benefits.

The School District has equity in the Internal Service Fund in the amount of \$14,357 for the payment of future unemployment benefits.

During the year ended June 30, 2010, no claims for unemployment benefits were paid. At June 30, 2010, no claims had been filed for unemployment benefits but some are anticipated in the next fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION
REDFIELD SCHOOL DISTRICT NO. 56-4
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2010

	BUDGETED AMOUNTS	
	ORIGINAL	FINAL
Revenues:		
Revenue from Local Sources:		
Taxes:		
Ad Valorem Taxes	\$ 1,041,000	\$ 1,041,000
Prior Years' Ad Valorem Taxes	8,000	8,000
Gross Receipts Taxes	40,000	40,000
Penalties and Interest on Taxes	2,700	2,700
Tuitions and Fees:		
Regular Day School Tuition	2,000	2,000
Earnings on Investments and Deposits	20,000	20,000
Cocurricular Activities:		
Admissions	35,500	35,500
Rentals	2,000	2,000
Other Activity Income	1,850	1,850
Other Revenue from Local Sources:		
Rentals	4,500	4,500
Charges for Services	25,000	25,000
Other	50,985	50,985
Revenue from Intermediate Sources:		
County Sources:		
County Apportionment	25,000	25,000
Revenue in Lieu of Taxes	-	-
Revenue from State Sources:		
Grants-in-Aid:		
Unrestricted Grants-in-Aid	2,121,000	2,121,000
Revenue from Federal Sources:		
Grants-in-Aid:		
Restricted Grants-in-Aid Received from Federal Government Through the State	324,184	324,184
Total Revenue	3,703,719	3,703,719

ACTUAL AMOUNTS (BUDGETARY BASIS)		VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)	
\$	1,058,990	\$	17,990
	9,687		1,687
	45,433		5,433
	3,406		706
	5,800		3,800
	5,926		(14,074)
	37,724		2,224
	3,741		1,741
	1,850		-
	5,050		550
	28,317		3,317
	59,784		8,799
	38,913		13,913
	458		458
	1,945,768		(175,232)
	395,781		71,597
	3,646,628		(57,091)

REQUIRED SUPPLEMENTARY INFORMATION
REDFIELD SCHOOL DISTRICT NO. 56-4
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - BUDGETARY BASIS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2010

	BUDGETED AMOUNTS	
	ORIGINAL	FINAL
Expenditures:		
Instruction:		
Regular Programs:		
Elementary	1,049,791	1,053,932
High School	1,248,502	1,265,857
Special Programs:		
Educationally Deprived	193,576	193,576
Support Services:		
Support Services-Pupils:		
Attendance and Social Work	9,279	9,279
Guidance	104,633	105,430
Health	36,201	36,201
Support Services - Instructional Staff:		
Improvement of Instruction	3,000	3,000
Educational Media	165,230	167,072
Support Services - General Administration:		
Board of Education	47,450	47,643
Executive Administration	158,365	159,388
Support Services - School Administration:		
Office of the Principal	115,098	115,254
Other	2,000	2,000
Support Services - Business:		
Fiscal Services	104,635	111,701
Operation and Maintenance of Plant	450,598	465,884
Pupil Transportation	189,530	205,761
Internal Services	6,000	9,787
Cocurricular Activities:		
Male Activities	60,929	63,425
Female Activities	39,074	39,680
Transportation	17,112	22,120
Combined Activities	42,241	45,594
Contingencies	75,000	75,000
Amount Transferred	-	(73,477)
Total Expenditures	4,118,244	4,124,107
Excess of Revenue Over (Under) Expenditures	(414,525)	(420,388)
Other Financing Sources (Uses):		
Transfers In	-	-
Total Other Financing Sources (Uses):	-	-
Net Change in Fund Balance	(414,525)	(420,388)
Fund Balance - Beginning	1,039,333	1,039,333
Fund Balance - Ending	\$ 624,808	\$ 618,945

ACTUAL AMOUNTS (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
-------------------------------------	---

1,001,074	52,858
1,226,072	39,785

169,852	23,724
---------	--------

9,236	43
102,569	2,861
35,628	573

1,718	1,282
153,574	13,498

42,150	5,493
158,516	872

110,111	5,143
1,920	80

108,887	2,814
418,878	47,006
200,842	4,919
9,787	-

56,215	7,210
38,060	1,620
19,751	2,369
42,694	2,900

-	75,000
---	--------

-	(73,477)
---	----------

3,907,534	216,573
-----------	---------

(260,906)	159,482
-----------	---------

3,191	3,191
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3,191	3,191
-------	-------

(257,715)	162,673
-----------	---------

1,039,333	-
-----------	---

\$ 781,618	\$ 162,673
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REQUIRED SUPPLEMENTARY INFORMATION
REDFIELD SCHOOL DISTRICT NO. 56-4
BUDGETARY COMPARISON SCHEDULE
CAPITAL OUTLAY FUND - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2010

	BUDGETED AMOUNTS	
	ORIGINAL	FINAL
Revenues:		
Revenue from Local Sources:		
Taxes:		
Ad Valorem Taxes	\$ 736,000	\$ 736,000
Prior Years' Ad Valorem Taxes	2,500	2,500
Penalties and Interest on Taxes	1,500	1,500
Earnings on Investments and Deposits	-	-
Revenue from Local Sources:	-	-
Other	-	-
Revenue from Intermediate Sources:		
Revenue in Lieu of Taxes	-	-
Revenue from State Sources:		
Other State Revenue	-	-
Total Revenue	740,000	740,000
Expenditures:		
Instruction:		
Regular Programs:		
Elementary	66,609	66,609
High School	89,208	89,208
Support Services - Instructional Staff:		
Educational Media	12,200	12,200
Support Services - Business:		
Facilities Acquisition and Construction Services	91,980	91,980
Operation and Maintenance of Plant	52,720	54,451
Pupil Transportation	72,000	72,000
Internal Services	38,000	38,000
Debt Services	393,732	396,104
Total Expenditures	816,449	820,552
Excess of Revenue Over (Under)		
Expenditures	(76,449)	(80,552)
Other Financing Sources (Uses)		
Transfer In	-	-
Transfers Out	-	-
General Long Term Debt Issued	-	-
Total Other Financing Sources	-	-
Net Change in Fund Balances	(76,449)	(80,552)
Fund Balance - Beginning	666,782	666,782
Fund Balance - Ending	\$ 590,333	\$ 586,230

ACTUAL AMOUNTS (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
-------------------------------------	--

\$ 728,829	\$ (7,171)
4,736	2,236
1,946	446
4,088	4,088
1,270	1,270
460	460
20,213	20,213
761,542	21,542

76,488	(9,879)
87,501	1,707
8,471	3,729
43,044	48,936
53,731	720
69,702	2,298
37,360	640
347,212	48,892

723,509	97,043
---------	--------

38,033	118,585
--------	---------

72,449	72,449
(68,991)	(68,991)
500,000	500,000

503,458	503,458
---------	---------

541,491	622,043
---------	---------

666,782	-
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\$ 1,208,273	\$ 622,043
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REQUIRED SUPPLEMENTARY INFORMATION
REDFIELD SCHOOL DISTRICT NO. 56-4
BUDGETARY COMPARISON SCHEDULE
SPECIAL EDUCATION FUND - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2010

	BUDGETED AMOUNTS	
	ORIGINAL	FINAL
Revenues:		
Revenue from Local Sources:		
Taxes:		
Ad Valorem Taxes	\$ 294,000	\$ 294,000
Prior Years' Ad Valorem Taxes	1,300	1,300
Penalties and Interest on Taxes	500	500
Earnings on Investments and Deposits	-	-
Other Revenue from Local Sources:		
Charges for Services	15,000	15,000
Other	-	-
Revenue from Intermediate Sources:		
Revenue in Lieu of Taxes	-	-
Revenue from State Sources:		
Grants-in-Aid:		
Unrestricted Grants-in-Aid	646,700	646,700
Revenue from Federal Sources:		
Grants-in-Aid:		
Restricted Grants-in-Aid Received from Federal Government Through the State	343,923	343,923
Total Revenue	1,301,423	1,301,423
Expenditures:		
Instruction:		
Special Programs:		
Programs for Special Education	846,293	860,733
Support Services:		
Support Services - Pupils:		
Guidance	3,092	3,092
Health	3,842	3,842
Psychological	65,040	65,040
Audiology Services	3,000	3,000
Student Therapy Services	25,000	25,000
Support Services - Special Education:		
Administration Costs	164,106	164,106
Transportation Costs	25,200	25,200
Other Special Education Costs	137,764	141,615
Total Expenditures	1,273,337	1,291,628
Excess of Revenue Over (Under) Expenditures	28,086	9,795
Other Financing Sources (Uses):		
Transfers Out	72,449	72,449
Total Other Financing Sources (Uses)	72,449	72,449
Net Change in Fund Balances	(44,363)	(62,654)
Fund Balance - Beginning	279,183	279,183
Fund Balance - Ending	\$ 234,820	\$ 216,529

ACTUAL AMOUNTS (BUDGETARY BASIS)		VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)	
-------------------------------------	--	--	--

\$	291,533	\$	(2,467)
	1,913		613
	787		287
	2,826		2,826
	6,106		(8,894)
	663		663
	184		184
	730,554		83,854
	349,549		5,626
	1,384,115		82,692

	750,937		109,796
	3,066		26
	3,816		26
	29,520		35,520
	-		3,000
	12,995		12,005
	158,034		6,072
	12,142		13,058
	145,501		(3,886)
	1,116,011		175,617
	268,104		258,309
	(75,275)		(2,826)
	(75,275)		(2,826)
	192,829		255,483
	279,183		-
\$	472,012	\$	255,483

REQUIRED SUPPLEMENTARY INFORMATION
REDFIELD SCHOOL DISTRICT NO. 56-4
BUDGETARY COMPARISON SCHEDULE
PENSION FUND - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2010

	BUDGETED AMOUNTS	
	ORIGINAL	FINAL
Revenues:		
Revenue from Local Sources:		
Taxes:		
Ad Valorem Taxes	\$ 73,000	\$ 73,000
Prior Years' Ad Valorem Taxes	300	300
Penalties and Interest on Taxes	-	-
Earnings on Investments and Deposits	-	-
Revenue from Intermediate Sources:		
Revenue in Lieu of Taxes	-	-
Total Revenue	73,300	73,300
Expenditures:		
Instruction:		
Regular Programs:		
Elementary	36,650	36,650
High School	36,650	36,650
Total Expenditures	73,300	73,300
Excess of Revenue Over (Under) Expenditures	-	-
Other Financing Sources (Uses):		
Transfers Out	-	-
Total Other Financing Sources (Uses)	-	-
Net Change in Fund Balances	-	-
Fund Balance - Beginning	65,061	65,061
Fund Balance - Ending	\$ 65,061	\$ 65,061

ACTUAL AMOUNTS (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
-------------------------------------	--

\$ 72,910	\$ (90)
472	172
193	193
365	365

46	46
<u>73,986</u>	<u>686</u>

36,650	-
<u>36,650</u>	<u>-</u>
<u>73,300</u>	<u>-</u>
686	686

<u>(365)</u>	<u>(365)</u>
<u>(365)</u>	<u>(365)</u>

321	321
<u>65,061</u>	<u>-</u>
<u>\$ 65,382</u>	<u>\$ 321</u>

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2010

1. BASIS OF PRESENTATION:

The financial statements prepared in conformity with accounting principles generally accepted in the United States of America present capital outlay expenditure information in a separate category of expenditures. Under the budgetary basis of accounting, capital outlay expenditures are reported within the function to which they relate. For example, the purchase of a new school bus would be reported as a capital outlay expenditure on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances, however in the budgetary Required Supplementary Information Schedule, the purchase of a school bus would be reported as an expenditure of the Support Services-Business/Pupil Transportation function of government, along with all other current Pupil Transportation related expenditures.

2. BUDGETS AND BUDGETARY ACCOUNTING:

The School District followed these procedures in establishing the budgetary data reflected in the financial statements:

- a. Prior to the first regular board meeting in May of each year, the School Board causes to be prepared a proposed budget for the next fiscal year according to the budgetary standards prescribed by the Auditor General. The proposed budget is considered by the School Board at the first regular meeting held in the month of May of each year. The proposed budget is published for public review no later than July 15 each year. Public hearings are held to solicit taxpayer input prior to the approval of the budget. Before October 1 of each year, the School Board must approve the budget for the ensuing fiscal year for each fund, except trust and agency funds.
- b. After adoption by the School Board, the operating budget is legally binding and actual expenditures of each fund cannot exceed the amounts budgeted except as indicated in Item (d).
- c. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total School District budget and may be transferred by resolution of the School Board to any other budget category, except for capital outlay, that is deemed insufficient during the year.
- d. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows adoption of supplemental budgets when moneys are available to increase legal spending authority.

REDFIELD SCHOOL DISTRICT NO. 56-4
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2010

2. BUDGETS AND BUDGETARY ACCOUNTING: (CONT'D)

- e. Unexpended appropriations lapse at year-end unless encumbered by resolution of the school board.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund and Special Revenue Funds.

No encumbrances were outstanding at June 30, 2010.

- f. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
- g. Budgets for the General Fund and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

REDFIELD SCHOOL DISTRICT NO. 56-4
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Federal Grantor/Pass-Through Grantor Program Title	CFDA Number	AMOUNT FY 2010
U.S. Department of Agriculture:		
Pass-Through the S.D. Department of Education:		
Child Nutrition Cluster:		
Non-Cash Assistance (Commodities):		
National School Lunch Program	10.555	\$ 15,175
Cash Assistance:		
School Breakfast Program (Note 1)	10.553	3,899
National School Lunch Program (Note 1)	10.555	66,300
Total for Child Nutrition Cluster		<u>85,374</u>
Total U.S. Department of Agriculture		<u>85,374</u>
U.S. Department of Interior:		
Pass-Through Hand County:		
Payments in Lieu of Taxes (Note 1)	15.226	1,148
Total U.S. Department of Interior		<u>1,148</u>
U.S. Environmental Protection Agency:		
Pass-Through the S.D. Department of Education:		
State Clean Diesel Grant Program, Recovery Act	66.040	20,214
Total U.S. Department of Labor		<u>20,214</u>
U.S. Department of Education:		
Pass-Through the S.D. Department of Education:		
Special Education Cluster:		
Special Education - Grants to States (P.L. 94-142) (Note 1)	84.027	145,605
Special Education - Preschool Grants	84.173	8,883
Special Education - Grants to States, Recovery Act (Note 1)	84.391	138,443
Special Education - Preschool Grants, Recovery Act	84.392	<u>6,656</u>
Total for Special Education Cluster		<u>299,587</u>
Title I Grants to Local Educational Agencies	84.010	88,177
Vocational Education - Basic Grants to States	84.048	36,161
Special Education - Grants for Infants and Families with Disabilities	84.181	45,762
Safe and Drug-Free Schools and Communities - State Grants (Title IV)	84.186	3,473
Education Technology State Grants	84.318	2,424
Improving Teacher Quality State Grants	84.367	45,413

REDFIELD SCHOOL DISTRICT NO. 56-4
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Federal Grantor/Pass-Through Grantor Program Title	CFDA Number	AMOUNT FY 2010
U.S. Department of Education:		
Pass-Through the S.D. Department of Education: (cont..)		
Title I Grants to Local Educational Agencies, Recovery Act	84.389	75,330
Special Education - Grants for Infants and Families, Recovery Act	84.393	4,199
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	<u>146,034</u>
Total U.S. Department of Education		<u>746,560</u>
GRAND TOTAL		<u>\$ 853,296</u>

Note 1: Federal reimbursements are not based upon specific expenditures. Therefore, the amounts reported here represents cash received rather than federal expenditures.